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CITY OF MINDEN, LOUISIANA

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2004

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Release Date 6/15/05

CITY OF MINDEN, LOUISIANA
Annual Financial Report
As of and for the Year Ended September 30, 2004

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AMERICAN INSTITUTE OF
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INDEPENDENT AUDITORS' REPORT

The Honorable Bill Robertson, Mayor,
and the Members of the Board of Aldermen
City of Minden, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Minden, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 4, 2005, on our consideration of the City of Minden, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and

should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 47 through 49, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minden, Louisiana's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, and accordingly, we express no opinion on them.

Tamison, Wise & Martin

Minden, Louisiana
February 4, 2005

CITY OF MINDEN, LOUISIANA

Management's Discussion and Analysis As of for the Year Ended September 30, 2004 (Unaudited)

Our discussion and analysis of the City of Minden, Louisiana's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2004. Please read it in conjunction with the City's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- The City's net assets remained virtually unchanged with only a 2 percent increase as result of this year's operations. The total net assets of the City increase by \$1 million, from \$50.1 million to \$51.1 million.
- During the year, the City had total revenues of \$19.8 million compared to \$19.6 million last year, an increase of 1 percent.
- Total expenses for the year were \$18.4 million, compared to \$18 million in the prior year, an increase of 2 percent. This increase was primarily a result of an increase in our Street Overlay Program.
- The City's total contributions to the State retirement systems for Municipal, Police and Fire employees increased from \$367,403 last year to \$501,615 in the current year. This represents an increase of 36 percent. Employer (City) contributions are determined by actuarial valuation and are subject to changes each year based on results of the valuation for the prior fiscal year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 12-13) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 12. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

CITY OF MINDEN, LOUISIANA

Management's Discussion and Analysis

As of for the Year Ended September 30, 2004

(Unaudited)

These two statements report the City's *net assets* and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, public works, parks and recreation, sanitation and health, highway and streets, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, and electrical systems are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 14. The fund financial statements begin on page 14 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to show that it is meeting legal responsibilities for using certain taxes, grants and other money (sales taxes restricted for specific use). The City's two kinds of funds – *governmental and proprietary* – use different accounting approaches.

- **Governmental funds** – Most of the City's basic services are reported in governmental which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.
- **Proprietary funds** – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the

CITY OF MINDEN, LOUISIANA

Management's Discussion and Analysis

As of for the Year Ended September 30, 2004

(Unaudited)

business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, such as the Employee Benefit Plan Fund.

The City as Trustee

The City is the trustee, or fiduciary, for the police bond fund. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 22. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for its intended purpose.

THE CITY AS A WHOLE

For the year ended September 30, 2004, net assets changed as follows:

Table 1
Net Assets
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 7.2	\$ 8.7	\$ 11.7	\$ 12.0	\$ 18.9	\$ 20.7
Capital assets	<u>16.6</u>	<u>16.2</u>	<u>23.2</u>	<u>22.2</u>	<u>39.8</u>	<u>38.4</u>
Total assets	<u>23.8</u>	<u>24.9</u>	<u>34.9</u>	<u>34.2</u>	<u>58.7</u>	<u>59.1</u>
Long-term debt outstanding	(4.3)	(5.5)	(0.6)	(0.6)	(4.9)	(6.1)
Other liabilities	<u>(1.6)</u>	<u>(2.1)</u>	<u>(1.1)</u>	<u>(0.8)</u>	<u>(2.7)</u>	<u>(2.9)</u>
Total liabilities	<u>(5.9)</u>	<u>(7.6)</u>	<u>(1.7)</u>	<u>(1.4)</u>	<u>(7.6)</u>	<u>(9.0)</u>
Net assets:						
Invested in capital assets, net of debt	11.8	10.6	23.2	22.2	35.0	32.8
Restricted	0.5	0.3	0.3	0.3	0.8	0.6
Unrestricted (deficit)	<u>5.6</u>	<u>6.4</u>	<u>9.7</u>	<u>10.3</u>	<u>15.3</u>	<u>16.7</u>
Total net assets	\$ <u>17.9</u>	\$ <u>17.3</u>	\$ <u>33.2</u>	\$ <u>32.8</u>	\$ <u>51.1</u>	\$ <u>50.1</u>

Net assets of the City's governmental activities increased by 3 percent (\$17.3 million compared to \$17.9 million). Unrestricted net assets – the part of net assets than can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased from \$6.4 million to \$5.6 million. The category of governmental net assets

CITY OF MINDEN, LOUISIANA

Management's Discussion and Analysis As of for the Year Ended September 30, 2004 (Unaudited)

that increased the most was "invested in capital assets, net of debt."

The decline in unrestricted net assets of governmental activities is to be expected in a year which the City makes significant amounts of capital improvements that are not financed with debt. The purchase of capital assets with cash increases net assets invested in capital assets and reduces unrestricted net assets. The 2003/2004 street improvement projects were funded with unrestricted cash of approximately \$600,000. The additional costs of over \$100,000 incurred for construction in progress of the airport runway lighting system and airport land acquisition were offset by the use of federal and state grant funds. These projects were in progress as of September 30, 2004.

Also, the City retired approximately \$730,000 of long-term debt. The payments for long-term debt with cash decreases unrestricted net assets and increases net assets invested in capital assets, because the debt was originally issued for construction of capital assets of the City.

The net assets of our business-type activities increased by approximately \$400,000 during the year. *As in governmental activities, the purchase of capital assets with cash for business-type activities increases net assets invested in capital assets and reduces unrestricted net assets.* During the year, net assets invested in capital assets, net of debt increased by \$1 million.

CITY OF MINDEN, LOUISIANA

Management's Discussion and Analysis

As of for the Year Ended September 30, 2004

(Unaudited)

Table 2
Changes in Net Assets
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for services	\$ 1.1	\$ 1.1	\$ 12.6	\$ 12.4	\$ 13.7	\$ 13.5
Operating grants/contributions	0.1	0.1	0.0	0.0	0.1	0.1
Capital grants/contributions	0.1	0.4	0.0	0.0	0.1	0.4
General revenues						
Property taxes	0.5	0.4	0.0	0.0	0.5	0.4
Sales taxes	4.2	3.8	0.0	0.0	4.2	3.8
Franchise taxes	0.2	0.2	0.0	0.0	0.2	0.2
Occupational licenses	0.4	0.4	0.0	0.0	0.4	0.4
Other revenues	<u>0.2</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.6</u>	<u>0.8</u>
Total revenues	<u>6.8</u>	<u>6.8</u>	<u>13.0</u>	<u>12.8</u>	<u>19.8</u>	<u>19.6</u>
Program expenses						
General government	2.0	2.0	0.0	0.0	2.0	2.0
Public safety	2.3	2.3	0.0	0.0	2.3	2.3
Highway and streets	1.0	0.8	0.0	0.0	1.0	0.8
Sanitation and health	0.9	0.9	0.0	0.0	0.9	0.9
Parks and recreation	1.3	1.2	0.0	0.0	1.3	1.2
Public works	0.1	0.1	0.0	0.0	0.1	0.1
Interest on long-term debt	0.2	0.2	0.0	0.0	0.2	0.2
Water	0.0	0.0	1.1	1.7	1.1	1.7
Sewer	0.0	0.0	0.9	0.7	0.9	0.7
Electric	0.0	0.0	7.8	7.3	7.8	7.3
Other	<u>0.0</u>	<u>0.0</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>
Total expenses	<u>7.8</u>	<u>7.5</u>	<u>10.6</u>	<u>10.5</u>	<u>18.4</u>	<u>18.0</u>
Excess (deficiency) before special items and transfers	(1.0)	(0.7)	2.4	2.3	1.4	1.6
Special items—forgiveness of debt	0.0	0.4	0.0	0.0	0.0	0.4
Transfers	<u>2.0</u>	<u>1.4</u>	<u>(2.0)</u>	<u>(1.4)</u>	<u>0.0</u>	<u>0.0</u>
Increase (decrease) in net assets	\$ <u>1.0</u>	\$ <u>1.1</u>	\$ <u>0.4</u>	\$ <u>0.9</u>	\$ <u>1.4</u>	\$ <u>2.0</u>

Although the City reported an increase in its net assets of \$1 million, this increase was mainly due to transfers of money from the business-type activities to assist in covering the costs of the day-to-day

CITY OF MINDEN, LOUISIANA

Management's Discussion and Analysis

As of for the Year Ended September 30, 2004

(Unaudited)

operations. Actual revenues were comparable to last years and expenses increased by \$300,000 over last years expenses.

Governmental Activities

Although total revenues remained unchanged from prior year, sales taxes increased by approximately \$400,000 (11%) during the year. The City experienced decreases in its revenues from capital grants received from federal and state funds due to the decrease in cost of projects requesting assistance in the form of theses federal and state grants. The City still has projects in process being funded by federal and state grants, however, during the year, costs were significantly less than those incurred in the prior year.

Total cost of all governmental activities this year was \$7.8 million compared to \$7.5 million last year. There were slight increases in expenses of two departments during the year. The highway and street department increased expenses by \$200,000 (25%) over last year due to an increase in costs related to the street overlay project. Although the parks and recreation department experienced a decrease in personnel costs, there was a slight increase in the costs of retirement, supplies, maintenance, and travel. This activity increased parks and recreation costs by \$100,000 (8%) over last year costs. All other departments experienced no increase in expenses over last year.

Business-type activities

Total revenues received from charges for services was virtually unchanged (increasing by \$200,000 or 2.0 percent). Most of this increase was due to an increase cost of fuel charged for electricity. As in prior years, the City was able to transfer funds from the business-type activities to the governmental activities to assist in the day-to-day cost of operations. The money is available due to the excess of revenues received over the cost of operating the City's electrical system. There was a \$600,000 increase in the amount transferred to the governmental activities over prior year transfers.

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a combined fund balance of \$6.1 million, which is slightly below last year's total of \$6.8 million.

During the year, the City received a favorable judgment in its suit filed against Thomas G. Ray, President/Owner of Sportco of Minden, Inc. for repayment of a loan made to Sportco. The loan was made through a grant agreement with the State of Louisiana. The case is currently under appeal, however, the City was relieved of its obligation to the State for repayment of the outstanding loan balance. The City has removed the activity of the 87 LCDBG Economic Development Fund from its financial statements, which resulted in a decrease in governmental funds balance of approximately \$400,000.

While the City experienced an increase in sales tax revenues of approximately \$380,000, it also spent approximately \$326,000 more on capital outlay for its street improvements projects and other

CITY OF MINDEN, LOUISIANA

Management's Discussion and Analysis As of for the Year Ended September 30, 2004 (Unaudited)

projects during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the general fund budget one time. This budget amendment was to recognize a change in the amounts transferred to the general fund. The budget amendment increased the amount transferred to the general fund from the water & electric fund by \$1 million and decreased the amount transferred to the general fund from the sales tax fund by \$1 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of September 30, 2003, the City had \$39.8 million invested in capital assets including police and fire equipment, buildings, park facilities, water, sewer and electrics lines. This amount represents a net increase of \$1.4 million, over last year.

Table 4
Capital Assets at Year-end
(Net of Depreciation, in Millions)

	Governmental		Business-type		Totals	
	Activities		Activities		Totals	
	2004	2003	2004	2003	2004	2003
Land	\$ 0.8	\$ 0.8	\$ 0.2	\$ 0.2	\$ 1.0	\$ 1.0
Construction in progress	1.2	0.5	1.8	0.2	3.0	0.7
Building and improvements	9.8	10.1	6.7	6.8	16.5	16.9
Land improvements other than bldgs.	1.8	1.8	13.2	13.6	15.0	15.4
Equipment	1.3	1.4	1.4	1.4	2.7	2.8
Infrastructure	<u>1.6</u>	<u>1.6</u>	<u>0.0</u>	<u>0.0</u>	<u>1.6</u>	<u>1.6</u>
Totals	\$ <u>16.6</u>	\$ <u>16.2</u>	\$ <u>23.3</u>	\$ <u>22.2</u>	\$ <u>39.8</u>	\$ <u>38.4</u>

This year's increase in capital assets was mainly due to an increase in construction in progress incurred during September 30, 2004 for the following projects:

2003/2004 Street Improvement Project	\$ 598,335
Airport runway lighting system/beacon	144,353
Airport land acquisition	70,050
Historic Downtown Sidewalk Improvements	25,000
Phase II – Electrical System Upgrade	133,338
Germantown Substation	873,480
Steam Plant/Boiler Controls Upgrade	131,956
2003 Water Main Improvements	544,724
Beaver Creek Subdivision	99,793
Murray Street Pump Station	<u>43,275</u>
	\$ <u>2,664,304</u>

CITY OF MINDEN, LOUISIANA

Management's Discussion and Analysis

As of for the Year Ended September 30, 2004

(Unaudited)

Debt

At year-end, the City had \$4.7 million in debt as compared to \$5.5 million last year. That is a decrease of 13% as shown in the following table.

	Governmental Activities		Business-type Activities		Totals	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General obligation bonds (backed by taxes & City)	\$ 4,745,000	5,475,000	-	-	4,745,000	5,475,000

No new debt was issued during the year. More detailed information about the City's long-term liabilities is presented in Note 12 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's sales tax revenue has increased by 25 percent over the prior year for the first 4 months of the new budget year. (October 2004 through January 2005). The City will use these increases in revenues to finance programs we currently offer and the effect that we expect inflation to have on program costs. One area of cost that is anticipated to increase will be the cost of retirement. The City's contribution rate to the Municipal Employees Retirement System will increase from 15% to 16% effective July 1, 2005.

To assist in putting the City in more of a break even situation, the City Council approved a substantial increase in water rates effective April 1, 2005.

The City will pay its final installment on two of its three outstanding bond issues in the upcoming year in the amount of approximately \$755,000. Once paid, the City will have long-term debt made up of one bond issue, the \$4,000,000 Sales Tax Bonds, Series 2001, dated June 1, 2001, which is secured by a pledge of the City's 1% sales and use tax designated for sewerage system improvements and recreation. The balance remaining on this bond issue as of September 30, 2004 was \$3,990,000, to be paid in annual installments of \$5,000 - \$355,000.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Clerk's office at 520 Broadway, Minden, Louisiana.

BASIC FINANCIAL STATEMENTS

STATEMENT A

CITY OF MINDEN, LOUISIANA
Statement of Net Assets
September 30, 2004

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,679,546	\$ 5,724,432	\$ 10,403,978
Investments	1,709,003	2,496,189	4,205,192
Receivables (net of allowances for uncollectibles)	709,616	2,040,303	2,749,919
Internal balances	(11,063)	11,063	-
Due from other funds	-	43,139	43,139
Due from other governments	104,609	-	104,609
Inventory	16,248	598,069	614,317
Prepaid Items	57,395	59,457	116,852
Noncurrent assets:			
Restricted assets	-	785,163	785,163
Capital assets (net)	<u>16,557,522</u>	<u>23,209,316</u>	<u>39,766,838</u>
Total assets	<u>\$ 23,822,876</u>	<u>\$ 34,967,131</u>	<u>\$ 58,790,007</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	\$ 446,736	\$ 1,137,916	\$ 1,584,652
Due to other funds	43,139	-	43,139
Due to other governments	325,000	-	325,000
Bonds and interest payable	<u>812,035</u>	<u>375</u>	<u>812,410</u>
Total current liabilities	<u>1,626,910</u>	<u>1,138,291</u>	<u>2,765,201</u>
Noncurrent liabilities:			
Payable from restricted assets	-	501,002	501,002
Obligations under capital lease	15,824	7,912	23,736
Compensated absences payable	164,632	83,493	248,125
Other liabilities	157,221	-	157,221
Bonds payable	<u>3,985,000</u>	<u>-</u>	<u>3,985,000</u>
Total noncurrent liabilities	<u>4,322,677</u>	<u>592,407</u>	<u>4,915,084</u>
Total liabilities	<u>\$ 5,949,587</u>	<u>\$ 1,730,698</u>	<u>\$ 7,680,285</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 11,760,487	\$ 23,209,316	\$ 34,969,803
Restricted for:			
Capital projects	73,733	-	73,733
Other purposes	395,123	284,161	679,284
Unrestricted	<u>5,643,946</u>	<u>9,742,956</u>	<u>15,386,902</u>
Total net assets	<u>\$ 17,873,289</u>	<u>\$ 33,236,433</u>	<u>\$ 51,109,722</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statement of Activities
For the Year Ended September 30, 2004

	Program Revenues				Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grants & Contributions			
Governmental activities							
General government	\$ 1,975,855	\$ 90,321	\$ 2,543	\$ -	\$ (1,882,991)	\$ -	\$ (1,882,991)
Public safety	2,290,549	83,591	106,071	-	(2,100,887)	-	(2,100,887)
Highway and streets	995,560	-	-	-	(995,560)	-	(995,560)
Sanitation and health	932,947	761,904	-	-	(171,043)	-	(171,043)
Parks and recreation	1,276,890	129,702	-	-	(1,147,188)	-	(1,147,188)
Public works	145,372	29,664	-	115,555	(153)	-	(153)
Interest on long-term debt	217,274	-	-	-	(217,274)	-	(217,274)
Total governmental activities	7,834,447	1,095,182	108,614	115,555	(6,515,096)	-	(6,515,096)
Business-type activities							
Water	1,110,742	826,787	-	-	-	(283,955)	(283,955)
Sewer	898,833	591,015	-	-	-	(307,818)	(307,818)
Electric	7,747,389	11,134,758	-	-	-	3,387,369	3,387,369
Other	819,663	-	-	-	-	(819,663)	(819,663)
Total business-type activities	10,576,627	12,552,560	-	-	-	1,975,933	1,975,933
Total primary government	\$ 18,411,074	\$ 13,647,742	\$ 108,614	\$ 115,555	\$ (6,515,096)	\$ 1,975,933	\$ (4,539,163)
General revenues:							
Property taxes levied for general purposes					349,099	-	349,099
Property taxes levied for historic district					24,178	-	24,178
Property taxes levied for debt service					85,501	-	85,501
Sales taxes					4,221,963	-	4,221,963
Franchise taxes					230,773	3,457	234,230
Occupational licenses					408,239	-	408,239
Grants and contributions not restricted to specific programs					49,799	29,448	79,247
Investment earnings					69,438	130,481	199,919
Other general revenues					90,786	240,088	330,874
Transfers					1,999,406	(1,999,406)	-
Total general revenues and transfers					7,529,182	(1,595,932)	5,933,250
Change in net assets					1,014,086	380,001	1,394,087
Net assets-beginning					16,859,203	32,856,432	49,715,635
Net assets-ending					\$ 17,873,289	\$ 33,236,433	\$ 51,109,722

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Balance Sheet
Governmental Funds
September 30, 2004

ASSETS

	General Fund	Sales Tax Fund	Sales Tax - Sewerage Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 2,626,655	\$ 713,827	\$ 160,968	\$ 1,118,245	\$ 4,619,695
Investments	-	1,492,935	-	216,068	1,709,003
Receivables (net of allowances for uncollectibles)	41,913	207,910	207,910	-	457,733
Due from other governments	8,764	-	-	-	8,764
Inventory	16,248	-	-	-	16,248
Total assets	<u>\$ 2,693,580</u>	<u>\$ 2,414,672</u>	<u>\$ 368,878</u>	<u>\$ 1,334,313</u>	<u>\$ 6,811,443</u>

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts, salaries, and other payables	\$ 299,956	\$ 3,587	\$ -	\$ 169	\$ 303,712
Due to other funds	43,139	-	-	-	43,139
Due to other governments	325,000	-	-	-	325,000
Total liabilities	<u>668,095</u>	<u>3,587</u>	<u>-</u>	<u>169</u>	<u>671,851</u>
Fund balances:					
Reserved for:					
Capital projects	\$ -	\$ -	\$ -	\$ 73,733	\$ 73,733
Debt services	-	-	-	898,902	898,902
Drug law enforcement	-	-	-	15,446	15,446
Unreserved, reported in:					
General fund	2,025,485	-	-	-	2,025,485
Special revenue funds	-	2,411,085	368,878	2,957	2,782,920
Capital projects funds	-	-	-	343,106	343,106
Total fund balance	<u>2,025,485</u>	<u>2,411,085</u>	<u>368,878</u>	<u>1,334,144</u>	<u>6,139,592</u>
Total liabilities and fund balances	<u>\$ 2,693,580</u>	<u>\$ 2,414,672</u>	<u>\$ 368,878</u>	<u>\$ 1,334,313</u>	<u>\$ 6,811,443</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets**

September 30, 2004

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)		\$ 6,139,592
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		16,557,522
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds		190,279
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Accrued interest payable	\$ (52,785)	
Compensated absences	(164,633)	
Bonds, notes, and loans payable	(4,745,000)	
Capital lease obligation	(21,174)	
Other liabilities	<u>(9,930)</u>	(4,993,522)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities		<u>(20,582)</u>
Net Assets of Governmental Activities (Statement A)		<u>\$ 17,873,289</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds

For the Year Ended September 30, 2004

	General Fund	Sales Tax Fund	Sales Tax - Sewerage Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Ad valorem	\$ 355,294	\$ -	\$ -	\$ 109,679	\$ 464,973
Sales and use	-	2,110,982	2,110,981	-	4,221,963
Licenses and permits	408,579	-	-	-	408,579
Fees and rentals	480,295	-	-	-	480,295
Charges for services	761,728	-	-	-	761,728
Intergovernmental revenues:					
Federal grants	95,810	-	-	-	95,810
State/Parish	61,864	-	-	-	61,864
Other	26,793	-	-	-	26,793
Fines and forfeitures	75,518	-	-	21,346	96,864
Investment earnings	22,931	31,275	3,713	11,520	69,439
Other revenues	29,869	-	-	3,430	33,299
Total revenues	<u>2,318,681</u>	<u>2,142,257</u>	<u>2,114,694</u>	<u>145,975</u>	<u>6,721,607</u>
EXPENDITURES					
General government	1,677,413	148,168	33,175	51,742	1,910,498
Public safety	2,275,268	-	-	16,479	2,291,747
Highways and streets	803,902	-	-	-	803,902
Sanitation and health	937,637	-	-	-	937,637
Parks and recreation	1,109,111	-	-	-	1,109,111
Public works	226,608	-	-	-	226,608
Capital outlay	-	4,751	-	745,471	750,222
Debt service	-	-	-	953,886	953,886
Total expenditures	<u>7,029,939</u>	<u>152,919</u>	<u>33,175</u>	<u>1,767,578</u>	<u>8,983,611</u>
Excess (deficiency) of revenues over (under) expenditures	(4,711,258)	1,989,338	2,081,519	(1,621,603)	(2,262,004)
OTHER FINANCING SOURCES (USES)					
Transfers in	5,290,146	-	-	1,434,925	6,725,071
Transfers out	(538,516)	(2,279,953)	(1,884,516)	(22,680)	(4,725,665)
Total other financing sources and uses	<u>4,751,630</u>	<u>(2,279,953)</u>	<u>(1,884,516)</u>	<u>1,412,245</u>	<u>1,999,406</u>
Net change in fund balance	40,372	(290,615)	197,003	(209,358)	(262,598)
Fund balances - beginning	<u>1,985,113</u>	<u>2,701,700</u>	<u>171,875</u>	<u>1,543,502</u>	<u>6,402,190</u>
Fund balances - ending	<u>\$ 2,025,485</u>	<u>\$ 2,411,085</u>	<u>\$ 368,878</u>	<u>\$ 1,334,144</u>	<u>\$ 6,139,592</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Year Ended September 30, 2004

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ (262,598)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	328,881
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and contributions) are not reported as revenues in the funds	71,000
Revenue in the statement of activities that do not provide current resources are not reported as revenues in the funds	42,181
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	735,150
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	20,377
The net revenue of certain activities of internal service funds is reported with governmental activities.	73,417
Accrued interest expense on long-term debt is reported in government-wide statement of activities and changes in net assets, but does not require the use of current financial resources, therefore accrued interest expense is not reported as expenditures in governmental funds.	<u>5,678</u>
Change in Net Assets of Governmental Activities, Statement B	<u>\$ 1,014,086</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statement of Net Assets, Proprietary Funds
September 30, 2004

	Business Type Activity Water and Sewer	Governmental Activities - Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,724,432	\$ 59,851
Investments	2,496,189	-
Accounts receivable	2,014,984	-
Other receivable	25,319	214,845
Due from other funds	43,139	-
Inventory	598,069	-
Prepaid items	59,457	-
Total current assets	<u>10,961,589</u>	<u>274,696</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing bank deposits	663,295	-
Investment (net of market adjustment)	121,868	-
Capital assets (net of accumulated depreciation)	<u>23,209,316</u>	-
Total noncurrent assets	<u>23,994,479</u>	-
Total assets	<u>\$ 34,956,068</u>	<u>\$ 274,696</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 1,082,690	\$ 126,993
Claims incurred, not reported	-	157,220
Municipal retirement payable	46,959	-
Compensated absences payable	5,592	-
Obligations under capital leases	2,675	-
Interest payable	<u>375</u>	-
Total current liabilities	<u>1,138,291</u>	<u>284,213</u>
Current liabilities payable from restricted assets	501,002	-
Noncurrent liabilities:		
Obligations under capital lease	7,912	-
Compensated absences payable	<u>83,493</u>	-
Total noncurrent liabilities	<u>91,405</u>	-
Total liabilities	<u>1,730,698</u>	<u>284,213</u>
NET ASSETS		
Invested in capital assets	23,209,316	-
Restricted for meter deposits	284,161	-
Unrestricted	<u>9,731,893</u>	<u>(9,517)</u>
Total net assets	<u>\$ 33,225,370</u>	<u>\$ (9,517)</u>
Reconciliation to government-wide statement of net assets:		
Adjustment to reflect the consolidation of Internal Service Fund activities related to enterprise fund.	<u>11,063</u>	
Net assets of business-type activity	<u>\$ 33,236,433</u>	

The accompanying notes are an integral part of this statement.

STATEMENT H

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended September 30, 2004

	Business Type Activity <u>Water and Sewer</u>	Governmental Activities - Internal <u>Service Fund</u>
Operating revenues:		
Charges for services		
Electric	\$ 11,134,758	\$ -
Water	826,787	-
Sewerage	591,014	-
Penalties/service charges	172,284	-
Other charges for services	<u>58,710</u>	<u>1,926,597</u>
Total operating revenues	<u>12,783,553</u>	<u>1,926,597</u>
Operating expenses:		
Purchase of power	5,771,517	-
Personal services	1,646,403	-
Materials and supplies	233,258	-
Insurance claims and expenses	514,168	1,790,482
Repairs and maintenance	791,307	-
Other services and charges	609,605	32,789
Bad debt expenses	63,519	-
Depreciation	<u>969,523</u>	<u>-</u>
Total operating expenses	<u>10,599,300</u>	<u>1,823,271</u>
Operating income (loss)	2,184,253	103,326
Nonoperating revenues (expenses):		
Interest income	130,481	78
Interest expense/and fiscal charges	(375)	-
Management fees	<u>(6,939)</u>	<u>-</u>
Total nonoperating revenues and expenses	<u>123,167</u>	<u>78</u>
Income before contributions and transfers	<u>2,307,420</u>	<u>103,404</u>
Capital contributions	42,000	-
Transfers in	22,680	-
Transfers out	<u>(2,022,086)</u>	<u>-</u>
Change in net assets	350,014	103,404
Net assets - beginning	<u>32,875,356</u>	<u>(112,921)</u>
Net assets - end of year	<u>\$ 33,225,370</u>	<u>\$ (9,517)</u>
Reconciliation to government-wide statement of net assets:		
Changes in net asset above	\$ 350,014	
Adjustment to reflect the consolidation of Internal Service activities related to enterprise activities	<u>29,987</u>	
Changes in net assets of business-type activities, Statement B	<u>\$ 380,001</u>	

The accompanying notes are an integral part of this financial statement.

STATEMENT I

CITY OF MINDEN, LOUISIANA
Statements of Cash Flows
Proprietary Funds
Years Ended September 30, 2004

	Business Type Activity Water and Sewer	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from customers	\$ 12,730,968	\$ -
Other operating cash receipts	42,277	-
Cash received from other funds for services	-	1,711,838
Cash payments for supplies and services	(7,045,783)	-
Cash payments to employees for service	(1,686,736)	-
Other operating cash payments	(540,104)	(32,789)
Cash payments for benefits paid	-	(1,767,452)
Net cash provided by operating activities	<u>3,500,622</u>	<u>(88,403)</u>
Cash flows from noncapital financing activities:		
Transfer from other funds	22,680	-
Transfer to other funds	(2,021,099)	-
Net increase in meter deposits	<u>12,300</u>	-
Net cash used for noncapital financing activities	<u>(1,986,119)</u>	-
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,908,766)	-
Principal paid on capital lease obligations	(2,575)	-
Interest/fees paid on capital lease obligations	<u>(475)</u>	-
Net cash used for capital and related financing activities	<u>(1,911,816)</u>	-
Cash flows from investing activities:		
Interest on interest-bearing deposits	95,613	78
Return of investment	(52,286)	-
Purchase of certificates of deposit	<u>(505,289)</u>	-
Net cash provided by investing activities	<u>(461,962)</u>	<u>78</u>
Net increase (decrease) in cash and cash equivalents	(859,275)	(88,325)
Cash and cash equivalents at beginning of year	<u>7,247,002</u>	<u>148,176</u>
Cash and cash equivalents at end of year	<u>\$ 6,387,727</u>	<u>\$ 59,851</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT I

	Business Type Activity <u>Water and Sewer</u>	Governmental Activities - Internal <u>Service Fund</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 2,184,253	\$ 103,326
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	969,523	-
Bad debt	63,519	-
Changes in assets and liabilities -		
Decrease (increase) in accounts receivable	10,973	-
Decrease (increase) in accounts receivable - other	(16,432)	(214,759)
Increase (decrease) in allowance for uncollectible accounts	(2,792)	-
Decrease (increase) in inventory	(38,284)	-
Decrease (increase) interfund loans	(5,471)	-
Decrease (increase) prepaid insurance	(1,441)	-
Increase (decrease) in accounts payable	377,656	-
Increase (decrease) in accrued compensated absences	(50,505)	-
Increase (decrease) in municipal retirement payable	9,623	-
Increase (decrease) in claims payable	-	105,242
Increase (decrease) in claims incurred, not reported	-	(82,212)
Net cash provided by operating activities	<u>\$ 3,500,622</u>	<u>\$ (88,403)</u>

STATEMENT J**CITY OF MINDEN, LOUISIANA
Statement of Fiduciary Net Assets
September 30, 2004**

	<u>Agency Fund - Police Bond Fund</u>
ASSETS	
Cash	\$ 17,837
A/R - net of allowance	<u>14,443</u>
Total assets	<u>\$ 32,280</u>
LIABILITIES	
Due to other governmental units	<u>\$ 32,280</u>
Total liabilities	<u>\$ 32,280</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2004

INTRODUCTION

The City of Minden, Louisiana (the City) was incorporated in 1928, under the provisions of Act No. 226 of the 1928 Special Acts of Louisiana Legislature. The City is located in the Parish of Webster, being in the northwest corner of the State of Louisiana.

Elected officials of the City of Minden are a mayor, five (5) aldermen, and a chief of police who are elected every four years. The affairs of the City are conducted and managed by the mayor and board of aldermen, referred to as "The Council."

The City provides a full range of municipal services as authorized by its charter. These include public safety (police and fire), street, water, electric, sewerage, sanitation and health, zoning and general administrative services.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issued bonded debt.

As required by generally accepted accounting principles, these financial statements present the City of Minden, Louisiana (the primary government) and its component units. The municipality has oversight of one component unit that is blended into the municipality's basic financial statements.

Blended Component Units

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipality, are blended component units. For a component unit to be blended, the organization's board and the municipality must be substantively the same, or the organization must provide services entirely or almost entirely to the municipality. The following component unit is reported as part of the municipality and *blended* with the appropriate municipality funds:

Minden Historic Downtown Development District Commission - Act No. 379 of the 1990 Regular Session enacted R.S. 33:2740.20 to create the Minden Historic Downtown Development District Commission. This commission was established to promote the educational, cultural, and economic welfare of the public of the City of Minden, Louisiana, by preserving and protecting historic structures and neighborhoods. The Minden Historic Downtown Development District Commission uses the Minden Main Street Project to carry out its functions and purpose.

The City of Minden, Louisiana, appoints all members of the District Commission. In addition, the City provides a major source of the District's funding through levy of a 1.95 mill assessment on the special taxing district created within the City of Minden and additional yearly appropriations. The District Commission reports its

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2004

recommendations and activities to the Mayor and City Council of the City of Minden, Louisiana. The Minden Historic Downtown Development District Commission is determined to be fiscally dependent and financially accountable to the City of Minden and therefore is reported as a blended component unit of the City of Minden, Louisiana.

Based on the foregoing criteria, the following entities have been determined not to be a part of the City of Minden and are excluded from the accompanying financial statements:

Minden Housing Authority - The Authority provides housing to certain qualified residents and is funded by U. S. Government grants and rental charges. The City is not responsible for financing deficits nor entitled to surpluses. The City does not significantly influence operational or fiscal matters of the Authority.

Minden Ward Marshal - The Minden Ward Marshal is the executive officer of the Ward I Court of Webster Parish. The principal duty of the Marshal is executing the orders and mandates of the Court. The Minden Ward Marshal is a separate reportable entity from the City of Minden, Louisiana, because the Marshal, an elected official, has the ability to exercise oversight responsibility regarding operations and accountability for fiscal matters.

City Court - The City Court is the Ward I Court of Webster Parish. The court system handles misdemeanors and civil suits of up to \$15,000 for Ward I. The City Court is a separate reportable entity from the City of Minden, Louisiana, because the Judge, an elected official, has the ability to exercise oversight responsibility regarding operations and accountability for fiscal matters.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2004

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Although most expenditures are recorded when a liability is incurred, as under accrual accounting, the measurement focus of a governmental fund significantly affects what items are to be considered expenditures in the governmental fund. Expenditures, and the related liabilities, are accrued when they are expected to be paid out of revenues recognized during the current period. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources, of the general government, except those required to be accounted for in another fund.

The Sales Tax Fund accounts for the receipt and use of the municipality's one percent (1%) sales and use tax under the provisions of the sales and use tax ordinance effective August 1, 1967.

The Sales Tax Fund – Sewerage System accounts for the receipt and use of the municipality's one percent (1%) sales and use tax under the provisions of the sales and use tax ordinance effective December 1, 1984. By special election held April 15, 2000, the City rededicated and renewed the levy of this one percent (1%) sales and use tax.

The municipality reports one major proprietary fund. The enterprise fund is used to account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2004

services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the government reports the following fund types:

Internal Service Fund accounts for the financing of goods or services provided by one department to other departments or governments on a cost-reimbursement basis.

Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Eliminations of these charges would distort direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are from charges for electrical, water and sewerage services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF MINDEN, LOUISIANA
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C. Deposits and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, those investments with original maturities of 90 days or less. Under state law, the City may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statements of cash flows, cash and cash equivalents include cash, demand deposits, and certificates of deposit. Cash and cash equivalents are stated at cost.

Under state law, the City may invest in United States bonds, treasury notes, and certificates. In addition, the City may invest in bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S and also collateralized mortgage obligations, which have not been stripped into interest only and principal only obligations. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, advalorem taxes, franchise taxes, police fines, and grants. Business-type activities report utilities as their major receivable. An allowance for uncollectible receivables is maintained, however, if amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, grants and other intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned and only if paid within 30 days since they would be considered both measurable and available.

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E. Inventories and Prepaid Items

Inventory items are valued at cost using the first-in, first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide financial statements.

Inventories in each fund are generally composed of the following items:

General Fund - Garbage bags, gasoline

Enterprise Fund - Electric, water and sewer repair and maintenance items

F. Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to utility meter deposits

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated <u>Lives</u>
Roads, bridges, and infrastructure	25-50 years
Land improvements	10-30 years
Buildings and building improvements	10-40 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	5-15 years

GASBS No. 34 required the City to report and depreciate new infrastructure assets effective with the beginning

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of the fiscal year ended September 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. During the fiscal year ended September 30, 2004, infrastructure being reported on includes street improvement projects completed during the current year. Of the remaining infrastructure, neither the historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006. The City has elected to implement the general provisions of GASBS No. 34 in the current year and hope to implement the retroactive infrastructure provisions in the fiscal year ending September 30, 2007.

H. Compensated Absences

The City's policy regarding vacation time permits full-time employees to accumulate earned but unused vacation leave. The only provision for vested benefits is that municipal employees, with the exception of employees of the police and fire department who are covered by Civil Service requirements, may carry forward no more than the maximum accruable amount for any vacation year. All employees do not have the option of foregoing vacation and being paid in lieu thereof. The entire accrued vacation liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of this debt is the amount that is normally expected to be paid using expendable available financial resources.

The City's policy regarding sick time permits full-time employees to accrue sick leave at the rate of eighty (80) hours per year, effective on the first day of full-time employment. Sick time may be carried over from year to year. Upon retirement, the employee will be reimbursed for fifty (50) percent of their accrued sick leave at their regular hourly rate of pay. Total reimbursement cannot exceed 500 hours. All sick leave hours used in the two years prior to retirement date will be deducted from the fifty (50) percent accrual prior to reimbursement. There is no provision for reimbursement of accrued sick leave for termination other than retirement. The liability for sick leave accrual is recorded as long-term debt in the government-wide financial statements. An estimate of this accrual is based on historical trends.

I. Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, accrued compensated absences, and capital lease obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

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J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are *not available for appropriation or are legally restricted by parties for use for a specific purpose*.

In government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consist of net assets with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do no meet the definition of “restricted” or “invested in capital assets, net of related debt.”

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The City follows these procedures in establishing the budgetary data reflected in these financial statements:

- a) The City Clerk prepares a proposed budget and submits same to the Mayor and the Council no later than fifteen days prior to the beginning of each fiscal year.
- b) The public is notified that the proposed budget is available for public inspection. At that time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

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- d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Council.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts, as originally adopted, are amended from time to time by the Council.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual funds had actual expenditures over budgeted appropriations for the year ended September 30, 2004:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Sales Tax Fund	130,047	130,047	152,919	(22,872)
Sales Tax Fund – Sewerage	21,125	21,125	33,175	(12,050)

DEFICITS The Internal Service Fund had a deficit of \$9,517 in unreserved retained earnings as of September 30, 2004. The deficit was due to the excess of expenditures recognized for claims incurred as of the end of the year over actual funds transferred to the Internal Service Fund. The deficit will be eliminated through transfers from various funds.

3. CASH AND CASH EQUIVALENTS

At September 30, 2004, the City had cash and cash equivalents with book balances totaling \$11,085,110, as follows:

Petty cash funds	\$ 2,800
Demand deposits	91,198
Interest-bearing deposits	<u>10,991,112</u>
Total	\$ <u>11,085,110</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2004, the City had \$12,538,731 in deposits of collected bank balances. These deposits were secured from risk by \$703,207 of federal deposit insurance and \$17,011,965 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

4. INVESTMENTS

Louisiana Revised Statutes and the City's investment policy govern the procedures to be followed and the types of allowable securities to be purchased by the municipality. The City of Minden is authorized to invest in the following types of investments:

1. Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government,
2. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S., and
3. Collateralized mortgage obligations, which have not been stripped into interest only or principal only obligations.

Investments of the City of Minden are categorized as insured or registered, or securities held by the City or its agent in the City's name.

The following is a summary of investments at September 30, 2004:

	<u>Governmental Funds</u>		<u>Proprietary Funds</u>	
	Fair Value/ Carrying		Fair Value/ Carrying	
	<u>Amount</u>	<u>Cost</u>	<u>Amount</u>	<u>Cost</u>
U.S. Agency & Treasury Bonds	\$ 1,406,935	1,413,235	1,915,936	1,922,859
U.S. Agency Collateralized Mtge. Obligations.	-	-	122,515	113,545
Total securities	1,406,935	1,413,235	2,038,451	2,036,404
Certificates of deposit	216,068	216,068	505,289	505,289
U.S. Treasury Money Fund	86,000	86,000	75,000	75,000
Total investments	<u>\$ 1,709,003</u>	<u>1,715,303</u>	<u>2,032,553</u>	<u>2,028,148</u>

The City of Minden's investments are reported at fair value, which is determined using selected bases in accordance with GASB Statement No. 31. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

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5. ACCOUNTS RECEIVABLE

Accounts receivable - utilities customers are analyzed periodically and accounts considered to be uncollectible are charged off. For the year ended September 30, 2004, \$66,310 of accounts receivable were charged off. Past due accounts totaled \$238,533 at September 30, 2004.

The individual customer consumption meters are not all read on the same day of the month. Meters are generally read between the first (1) and the twenty-first (21) day of each month. At the end of any particular month, individual customers will have from a week to a total month's consumption that they will not be billed for until the following month. It is estimated that at the end of any particular month there is, in the aggregate, approximately the equivalent of fifteen (15) days' consumption that is unbilled to utility customers.

Accounts receivable - utilities customers at September 30, 2004, consisted of:

Accounts receivable – utilities	\$ 1,421,472
Allowance for D/A	<u>(49,780)</u>
	1,371,692
Unbilled receivables	<u>643,292</u>
Accounts receivable – utilities (net)	\$ <u>2,014,984</u>

Accounts receivable of the governmental activities consist of sales tax (59%), insurance/refunds (30%), franchise tax (6%), police fines/seizures (4%), and other (1%). Receivables detail at September 30, 2004 for governmental activities are as follows:

Accounts receivable	\$ 815,327
Allowance for doubtful accounts	<u>(105,711)</u>
Net accounts receivable	\$ <u>709,616</u>

6. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on the valuation of property as of January 1 of each year. The City of Minden bills and collects its property taxes using the assessed values determined by the tax assessor of Webster Parish.

The tax levy for 2003 was 8.45 mills of the assessed property valuation on tax rolls as of January 1, 2004. This tax became due on January 1, 2004, and delinquent on February 1, 2004.

The tax was dedicated as follows:

General corporate purposes	6.74 mills
Debt service	1.71 mills

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For the year ended September 30, 2004, taxes of \$439,634 were levied on property with assessed valuations totaling \$52,026,900.

Additionally, a tax of 1.95 mills on properties located within the established Minden Downtown Development District was approved by voters. Such tax was dedicated for use by the Minden Main Street Program. For the year ended September 30, 2004, taxes of \$24,452 were levied on property with assessed valuations totaling \$12,539,539.

7. SALES AND USE TAX OPERATIONS

- A. 1% sales and use tax - The City of Minden was authorized to levy and collect a one per cent (1%) sales and use tax by a special election held May 23, 1967. The revenues derived therefrom were authorized to be used for:

"the purpose of opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges; constructing, acquiring, extending, improving, renovating and/or maintaining street lighting facilities, water-works, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreational facilities, airport facilities, and parking facilities; and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, building, improvements and facilities, and such tax to be subject to funding into bonds by the City in the manner authorized..."

For the year ended September 30, 2004, Sales Tax operating transfers (of "surplus") to other funds which were used for purposes for which the imposition of the tax was authorized were as follows:

Transfers to General Fund	<u>\$2,279,953</u>
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- B. 1% sales and use tax - sewerage improvements - The City of Minden was authorized to levy and collect a one per cent (1%) sales and use tax by a special election held September 29, 1984. The revenues derived therefrom were authorized to be used for:

"the purpose of constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal facilities and fund the proceeds of the Tax into bonds to be issued in series from time to time for the purpose of constructing, acquiring and improving sewers and sewage disposal facilities and the Council shall (i) annually budget the amount of said net proceeds of the Tax required to pay principal and interest and reserve requirements on all bonds payable from the Tax and the amount required for extending, improving, operating and maintaining sewers and sewage disposal facilities and (ii) use the excess over said requirements to pay said bonds in full prior to their stated maturity and when provisions shall have been made for the payment of all of said bonds in full the authority to levy the Tax shall terminate."

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By a special election held April 15, 2000, the City rededicated and renewed the levy of a one percent (1%) sales and use tax, which was originally authorized at an election held in the City on September 29, 1984. The revenues derived therefrom were rededicated to be used for:

“the purpose of acquiring, constructing, improving, maintaining, equipping and operating sewerage, sewage disposal facilities and recreational facilities, including the acquisition of sites therefore, and authority to fund the sales tax into bonds by the City in the manner authorized”

For the year ended September 30, 2004, Sales tax-sewerage improvements operating transfers to other funds which were used for purposes for which the imposition of the tax was authorized were as follows:

	Debt <u>Service</u>	General <u>Fund</u>
Transfers to	\$ <u>896,409</u>	\$ <u>988,107</u>

Beginning July 1992, the City entered into an agreement with the Webster Parish Centralized Sales Tax Collection Agency to collect sales tax. The Agency collects the taxes from vendors, then remits to the City, after deducting an administrative fee. The administrative fee was assessed at the following amounts:

10/01/03- 09/30/04	1.500 %
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8. RESTRICTED ASSETS

Restricted assets of the City of Minden at September 30, 2004 were as follows:

Customers' Deposits	
Bank deposit accounts	\$ 663,295
Investments (net of market adjustment)	<u>121,868</u>
Total restricted assets	\$ <u>785,163</u>

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9. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2004, for the primary government is as follows:

	Balance <u>October 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>September 30, 2004</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 799,547	-	-	799,547
Construction in progress	<u>523,092</u>	<u>729,902</u>	<u>41,680</u>	<u>1,211,314</u>
Total capital assets, not being depreciated	<u>1,322,639</u>	<u>729,902</u>	<u>41,680</u>	<u>2,010,861</u>
Capital assets being depreciated				
Buildings	12,090,306	-	-	12,090,306
Land improvements other than buildings	2,174,018	102,874	-	2,276,892
Equipment	3,729,036	198,808	-	3,927,844
Infrastructure	<u>1,706,564</u>	<u>71,000</u>	-	<u>1,777,564</u>
Total capital assets being depreciated	<u>19,699,924</u>	<u>372,682</u>	-	<u>20,072,606</u>
Less accumulated depreciation for:				
Buildings	1,997,726	301,847	-	2,299,573
Land improvements other than buildings	371,125	52,748	-	423,873
Equipment	2,348,311	242,850	-	2,591,161
Infrastructure	<u>149,010</u>	<u>62,328</u>	-	<u>211,338</u>
Total accumulated depreciation	<u>4,866,172</u>	<u>659,773</u>	-	<u>5,525,945</u>
Total capital assets, being depreciated, net	<u>14,833,752</u>	<u>(287,091)</u>	-	<u>14,546,661</u>
Governmental activities capital assets, net	\$ <u>16,156,391</u>	<u>442,811</u>	<u>41,680</u>	<u>16,557,522</u>

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Business-type activities:

Capital assets, not being depreciated

Land and improvements	\$ 157,615	34,000	-	191,615
Construction in progress	<u>189,253</u>	<u>1,702,626</u>	<u>65,313</u>	<u>1,826,566</u>
Total capital assets, not being depreciated	<u>346,868</u>	<u>1,736,626</u>	<u>65,313</u>	<u>2,018,181</u>

Capital assets being depreciated

Buildings	14,716,480	53,253	-	14,769,733
Land improvements other than buildings	24,524,363	96,000	-	24,620,363
Equipment	<u>6,392,611</u>	<u>184,199</u>	<u>-</u>	<u>6,576,810</u>
Total capital assets being depreciated	<u>45,633,454</u>	<u>333,452</u>	<u>-</u>	<u>45,966,906</u>

Less accumulated depreciation for:

Buildings	7,916,450	288,896	-	8,205,346
Land improvements other than buildings	10,878,806	537,597	-	11,416,403
Equipment	<u>5,010,994</u>	<u>143,030</u>	<u>-</u>	<u>5,154,024</u>
Total accumulated depreciation	<u>23,806,250</u>	<u>969,523</u>	<u>-</u>	<u>24,775,773</u>
Total capital assets, being depreciated, net	<u>21,827,204</u>	<u>(636,071)</u>	<u>-</u>	<u>21,191,133</u>

Business-type capital assets, net	\$ <u>22,174,072</u>	<u>1,100,555</u>	<u>65,313</u>	<u>23,209,314</u>
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Depreciation expense was charged as direct expense of the primary government as follows:

Governmental activities:

General government	\$ 81,903
Public safety	87,471
Highway and streets	125,842
Sanitation and health	7,605
Parks and recreation	317,393
Public works	<u>39,559</u>
Total	<u>\$ 659,773</u>

Business-type activities:

Water	\$ 256,920
Sewer	348,753
Electric	351,015
Other	<u>12,835</u>
Total	<u>\$ 969,523</u>

10. RETIREMENT SYSTEMS

Substantially all employees of the City of Minden, Louisiana, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and

CITY OF MINDEN, LOUISIANA
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benefit provisions. All regular employees, other than firemen and policemen, of the City of Minden, Louisiana, are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, or at any age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three (3) percent of their final-average salary for each year of creditable service. Elected officials receive three and one-half (3 ½) percent. *Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.* Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the City of Minden, Louisiana, is required to contribute at an actuarially determined rate. For the fiscal year ended 9/30/04, this rate ranged from 11.00-15.00 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of Minden, Louisiana, are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to changes each year based on the results of the valuation for the prior fiscal year. The City of Minden, Louisiana's contributions to the System under Plan A for the years ending September 30, 2004, 2003 and 2002, were \$302,745, \$222,579, and \$175,806, respectively, equal to the required contributions for each years.

B. Municipal Police Employees Retirement System of Louisiana

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. *Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.* Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or

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Notes to the Financial Statements
As of and for the Year Ended September 30, 2004

amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Minden, Louisiana, is required to contribute at an actuarially determined rate. For the fiscal year ended 9/30/04, this rate ranged from 15.25-21.50 percent of annual covered payroll. The contribution requirements of plan members and the City of Minden, Louisiana, are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to changes each year based on the results of the valuation for the prior fiscal year. The City of Minden, Louisiana's contribution for the years ended September 30, 2004, 2003 and 2002, were \$116,722, \$75,674, and \$69,493, respectively, equal to the required contributions for each year.

C. Firefighters' Retirement System of Louisiana

Plan Description. Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the City of Minden, Louisiana is required to contribute at an actuarially determined rate. For the fiscal year ended 9/30/04, this rate was 21 percent of annual covered payroll. The contribution requirements of plan members and the City of Minden, Louisiana, are established and may be amended by state statute. As proved by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Minden, Louisiana's contributions for the years ended September 30, 2004, 2003 and 2002 were \$82,148,

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2004

\$69,150, and \$39,875, respectively, equal to the required contributions for each year.

11. CAPITAL LEASES

The City records items under capital leases as an asset and an obligation in the accompanying financial statements. The City has one capital lease of a computer system for a total cost of \$36,245.

The following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments as of September 30, 2004:

Year Ending <u>Sept. 30</u>	Governmental <u>activities</u>	Business-type <u>activities</u>
2005	\$ 6,100	\$ 3,050
2006	6,100	3,050
2007	5,356	2,677
2008	<u>5,356</u>	<u>2,677</u>
Total minimum lease payments	22,912	11,454
less amount representing interest	<u>(1,737)</u>	<u>(868)</u>
Present value of net minimum lease payments	\$ <u>21,175</u>	\$ <u>10,586</u>

The municipality has operating leases and rental expense as follows:

	Governmental <u>activities</u>	Business-type <u>activities</u>
Equipment:		
Canon 5000 copier - \$456/month for 47 months	\$ 3,648	\$ 1,824
Time Clock - \$335/month for 36 months	4,020	-
Minolta Di3510F - \$286.50/month for 60 months	2,006	-
Minolta Di3510F - \$320.87/month for 60 months	2,246	-
Minolta Di250 copier - \$256/month for 48 months	1,024	-
Minolta Di250 copier - \$190/month for 48 months	<u>761</u>	<u>-</u>
Total rental expense	\$ <u>13,705</u>	\$ <u>1,824</u>

The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal year:	<u>Equipment</u>
2005	\$ 12,463
2006	9,569
2007	7,289
2008	7,289
2009	<u>3,037</u>
Total	\$ <u>39,647</u>

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2004

12. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended September 30, 2004:

<u>Type of debt</u>	<u>Balance Oct. 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Sept. 30, 2004</u>	<u>Amount due within one year</u>
Governmental activities:					
General obligation	\$ 5,475,000	-	(730,000)	\$ 4,745,000	\$ 760,000
Compensated absences	155,074	17,934	-	173,008	8,376
Capital lease obligations	<u>26,324</u>	<u>-</u>	<u>(5,152)</u>	<u>21,172</u>	<u>5,350</u>
Total governmental debt	\$ <u>5,656,398</u>	<u>17,934</u>	<u>(735,152)</u>	\$ <u>4,939,180</u>	\$ <u>773,726</u>
Business-type activities:					
Compensated absences	\$ 139,590	-	(50,505)	\$ 89,085	\$ 5,592
Capital lease obligations	<u>13,162</u>	<u>-</u>	<u>(2,575)</u>	<u>10,587</u>	<u>2,675</u>
Total business-type debt	\$ <u>152,752</u>	<u>-</u>	<u>(53,080)</u>	\$ <u>99,672</u>	\$ <u>8,267</u>

Bonds payable at September 30, 2004, are comprised of the following individual issues:

	<u>Principal Outstanding</u>	<u>Interest to Maturity</u>
\$475,000 General Obligation Refunding Bonds, Series 1991, dated September 26, 1991; due in annual installments of \$5,000 - \$55,000 through March 1, 2005; interest at 4.7% - 6.65%; secured by levy and collection of ad valorem taxes	\$ 55,000	1,829
\$4,000,000 Sales Tax Bonds, Series 2001, dated June 1, 2001; due in annual installments of \$5,000 - \$355,000 through January 1, 2021; interest at .10%-5.2%; secured by pledged of the City's 1% sales and use tax designated for sewerage system improvements and recreation	3,990,000	1,968,587
\$2,020,000 Refunding Bonds, Series 2002, dated 1/16/2002; due in annual installments of \$650,000-\$700,000 through January 1, 2005; interest at 3.09%; secured by a pledge of excess annual revenues of the City above statutory, necessary and usual charges in each of the fiscal years during which the bonds are outstanding	<u>700,000</u> \$ <u>4,745,000</u>	<u>10,815</u> <u>1,981,231</u>

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2004

The annual requirements to amortize all debt outstanding as of September 30, 2004, including interest payments of \$1,981,231, are as follows:

Year ending <u>September 30</u>	General Obligation		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	760,000	197,936	957,936
2006	165,000	185,208	350,208
2007	175,000	181,975	356,975
2008	185,000	175,403	360,403
2009	195,000	167,593	362,593
2010-2014	1,125,000	671,988	1,796,988
2015-2019	1,450,000	364,814	1,814,814
2020-2021	<u>690,000</u>	<u>36,314</u>	<u>726,314</u>
	<u>\$ 4,745,000</u>	<u>1,981,231</u>	<u>6,726,231</u>

At September 30, 2004, \$898,902 was available in the Debt Service Funds to service the general obligation bonds.

In accordance with Louisiana Revised Statutes, the City is legally restricted in the amount of long-term bonded debt that may be issued. At September 30, 2004, the statutory limit was \$5,202,690. As of September 30, 2004, the City had \$55,000 of bonds secured by ad valorem taxes.

13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers during the year ended September 30, 2004, were as follows:

	<u>Operating Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Non-Major Governmental</u>	
<u>Transfers out</u>				
General Fund	\$ -	-	542,019	542,019
Sales Tax Fund	2,279,953	-	-	2,279,953
Sales Tax Fund -				
Sewerage System	988,107	-	896,409	1,884,516
Non-major governmental	-	22,680	-	22,680
Enterprise Fund	<u>2,022,086</u>	<u>-</u>	<u>-</u>	<u>2,022,086</u>
Total	<u>\$ 5,290,146</u>	<u>22,680</u>	<u>1,438,428</u>	<u>6,751,254</u>

Transfers are primarily used to move funds from:

Sales Tax Fund – Sewerage System to cover debt service attributable to sewerage bonds and recreation bonds and also to cover costs of recreation activities within the General Fund.

The Enterprise Fund and Sales Tax Fund make transfers to supplement costs within the General Fund.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2004

General Fund makes transfers to cover costs of street construction within Capital Improvements – Street Fund.

14. RESERVED RETAINED EARNINGS/FUND BALANCES

The City had the following reservations of fund balances as of September 30, 2004:

- A fund balance of \$73,733 was reserved at September 30, 2004, for future approved capital projects. The Local Government Assistance Fund accounts for monies appropriated to be spent by Minden only on capital programs and purposes including "any expenditures for acquiring lands, building, equipment or other permanent properties, or for their preservation or development or permanent improvement", and cannot be used as part of the operating budget. All programs must be approved by respective state legislative delegates.
- At September 30, 2004, \$898,902 was reserved in the Debt Service Funds to service the general obligation bonds.
- \$15,446 of fund balances was reserved for drug law enforcement.

15. CONTRACTUAL SERVICE AGREEMENT – SANITATION SERVICES

On September 1, 1995, the City entered into a five-year agreement, which was extended for an additional five-year term, with Waste Management of Northwest Louisiana, a private company, to provide sanitation services to the City. These services include residential garbage and recyclable item pick-up and the disposal of such waste, with fees based on the number of pick-ups per week and the type of collection (curbside or backyard). The City then charges a monthly fee for sanitation services to individual customers on their utilities bills.

16. PENDING LITIGATION

The City of Minden filed suit against Thomas G. Ray, President/Owner of Sportco of Minden, Inc., for repayment of a loan made to Sportco. The loan was made through a grant agreement with the State of Louisiana. If successful, the \$720,000 balance paid will be remitted to the State of Louisiana to satisfy the outstanding loan balance. The City of Minden will not realize a profit from this action. As of September 30, 2004, the City was granted a favorable judgment in the amount of \$631,038. The case is currently under appeal.

There are several other pending lawsuits in which the City is involved. The City Attorney estimates that the potential claims against the City, not covered by insurance resulting from litigation not mentioned above, would not materially affect the financial statements of the City.

Effective April 1, 1998, the City reinstated its general liability coverage. The City will maintain the reserve fund established in prior years for self-insurance. The reserve will be used to pay claims for amounts less than the deductible allowed under the City's general liability coverage. At September 30, 2004, \$360,516 has been reserved in the Enterprise Fund-Utilities Fund for this purpose.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2004

17. LIABILITY TO U.S. COAST GUARD NATIONAL POLLUTION FUNDS CENTER

On June 26, 2000, the EPA and their contractor, the United States Army Corps of Engineers, conducted a cleanup at the Minden Airport Tar Pits site. The cleanup was funded by the U.S. Coast Guard National Pollution Funds Center (NPFC) using the Oil Spill Liability Trust Fund (Fund), which was established by the Oil Pollution Act of 1990. The NPFC considers the City of Minden, owner of the property, responsible and liable for oil removal costs. The NPFC has submitted bills to the City of Minden totaling approximately \$1,080,111. The City is contesting the EPA's actions in this matter, asserting that the removal of the pollution threat was not lawfully within the jurisdiction of the Federal Water Pollution Control Act. The City is also disputing their liability under the Oil Pollution Act of 1990 (OPA). Per a letter from the U.S. Coast Guard dated September 25, 2001, "the OPA is a strict liability statute, and imposes liability on owners without regard to fault or particular involvement with a facility or vessel. Defenses to liability are limited to 22 USC 2703. Because this debt exceeds \$100,000, it will be referred to the Department of Justice as required by applicable regulations should the City decline to pay these costs." As of September 30, 2003, the City negotiated a settlement with the United States Department of Justice to pay \$650,000 in reimbursement of removal costs to be paid in two installments of \$325,000 plus interest. The first installment is to be paid within thirty days of the date the agreed judgment is entered by the court. The remaining installment, plus accrued interest, is to be paid on or before December 1, 2004. The balance due as of September 30, 2004 is \$325,000.

18. PRIOR PERIOD RESTATEMENT

The beginning fund balances/retained earnings presented in the fund financial statements have been restated to reflect adjustments and changes in presentation within the general fund, sales tax fund, and enterprise fund.

A restatement of the beginning fund balance and activity for the year ended September 30, 2004 was recognized in the fund financial statements as follows:

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Enterprise Fund</u>
Fund balance/retained earnings, originally reported as of September 30, 2003	\$ 1,861,035	2,697,629	32,813,776
Correct overaccrual of compensated absences	124,078	4,071	8,312
Recognize donation of Woodhaven Subdivision dedication which occurred on Oct. 6, 1999.	-	-	105,840
Change in accounting for allowance for doubtful accounts for accounts receivable – utilities	<u>-</u>	<u>-</u>	<u>(52,572)</u>
Fund balance/retained earnings, restated as of September 30, 2003	\$ <u>1,985,113</u>	<u>2,701,700</u>	<u>32,875,356</u>

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2004

The beginning balances of net assets presented in the government-wide financial statements have been restated to reflect adjustments and changes in presentation within the governmental and business-type activities.

A restatement of the beginning net assets and activity for the year ended September 30, 2004 was recognized in the government-wide financial statements as follows:

	Government <u>Activities</u>	Business-type <u>Activities</u>
Net assets, originally reported as of September 30, 2003	\$ 17,125,877	32,794,852
Less: 87 LCDBG Economic Development Fund closed during 9/30/2004	(419,419)	-
Correct over accrual of compensated absences	24,745	8,312
Recognize donation of Woodhaven Subdivision dedication which occurred on Oct. 6, 1999.	128,000	105,840
Change in accounting for allowance for doubtful accounts for accounts receivable – utilities	<u>-</u>	<u>(52,572)</u>
Net, assets, restated as of September 30, 2003	\$ <u>16,859,203</u>	<u>32,856,432</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules:

General Fund

Sales Tax Fund

Sales Tax Fund – Sewerage System

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended September 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Taxes - ad valorem	\$ 337,147	\$ 337,147	\$ 355,294	\$ 18,147
Licenses - occupational	380,000	380,000	408,579	28,579
Fees and rentals	499,750	499,750	480,295	(19,455)
Charges for services	755,000	755,000	761,728	6,728
Fines and forfeitures	72,500	72,500	75,518	3,018
Intergovernmental	74,050	74,050	184,467	110,417
Interest	20,525	20,525	22,931	2,406
Miscellaneous	27,900	27,900	29,869	1,969
Total revenues	<u>2,166,872</u>	<u>2,166,872</u>	<u>2,318,681</u>	<u>151,809</u>
Expenditures				
General Government	1,530,147	1,530,147	1,677,413	(147,266)
Public Safety	2,452,467	2,452,467	2,275,268	177,199
Highway and streets	1,045,913	1,045,913	803,902	242,011
Sanitation and health	906,991	906,991	937,637	(30,646)
Parks and recreation	1,138,170	1,138,170	1,109,111	29,059
Public works	430,991	430,991	226,608	204,383
Total expenditures	<u>7,504,679</u>	<u>7,504,679</u>	<u>7,029,939</u>	<u>474,740</u>
Excess (deficiency) of revenues over (under) expenditures	(5,337,807)	(5,337,807)	(4,711,258)	626,549
Other Financing Sources (Uses)				
Operating transfers in	5,341,241	5,341,241	5,290,146	(51,095)
Operating transfers out	(526,000)	(526,000)	(538,516)	(12,516)
Total other financing sources (uses)	<u>4,815,241</u>	<u>4,815,241</u>	<u>4,751,630</u>	<u>(63,611)</u>
Net change in fund balance	(522,566)	(522,566)	40,372	562,938
Fund balance at beginning of year	<u>1,985,113</u>	<u>1,985,113</u>	<u>1,985,113</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,462,547</u>	<u>\$ 1,462,547</u>	<u>\$ 2,025,485</u>	<u>\$ 562,938</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

Special Revenue Fund - Sales Tax Fund

For the Year Ended September 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Budget	GAAP	Final Budget
			Basis	Positive
				(Negative)
Revenues:				
Taxes - sales	\$ 1,900,000	\$ 1,900,000	\$ 2,110,982	\$ 210,982
Interest	10,000	10,000	31,275	21,275
Total revenues	1,910,000	1,910,000	2,142,257	232,257
Expenditures:				
General government -				
Salaries	63,311	63,311	63,275	36
Insurance expense	7,978	7,978	10,086	(2,108)
Retirement expense	6,964	6,964	7,531	(567)
Office and computer supplies	6,700	6,700	5,127	1,573
Collection expense	21,000	21,000	33,155	(12,155)
Professional fees	9,000	9,000	11,699	(2,699)
Miscellaneous	14,294	14,294	14,245	49
Capital leases -				
Principal	-	-	2,575	(2,575)
Interest	-	-	475	(475)
Capital expenditures	800	800	4,751	(3,951)
Total expenditures	130,047	130,047	152,919	(22,872)
Excess of revenues over expenditures	1,779,953	1,779,953	1,989,338	209,385
Other financing (uses):				
Operating transfers out	(3,279,953)	(2,279,953)	(2,279,953)	-
Total other financing (uses)	(3,279,953)	(2,279,953)	(2,279,953)	-
Excess (deficiency) of revenues over				
(under) expenditures and other uses	(1,500,000)	(500,000)	(290,615)	209,385
Fund balance at beginning of year	2,701,700	2,701,700	2,701,700	-
Fund balance at end of year	\$ 1,201,700	\$ 2,201,700	\$ 2,411,085	\$ 209,385

The accompanying notes are an integral part of this financial statement.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

Special Revenue Fund - Sales Tax Fund Sewerage System

For the Year Ended September 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Budget	GAAP	Final Budget
			Basis	Positive
				(Negative)
Revenues:				
Sales taxes	\$ 1,900,000	\$ 1,900,000	\$ 2,110,981	\$ 210,981
Interest	5,000	5,000	3,713	(1,287)
Total revenues	1,905,000	1,905,000	2,114,694	209,694
Expenditures:				
General government -				
Collection expense	21,000	21,000	33,155	(12,155)
Miscellaneous	125	125	20	105
Total expenditures	21,125	21,125	33,175	(12,050)
Excess of revenues over expenditures	1,883,875	1,883,875	2,081,519	197,644
Other financing (uses):				
Operating transfers out -				
Refunding Bonds, Series 2002	(705,018)	(705,018)	(705,018)	-
General Fund	(988,107)	(988,107)	(988,107)	-
Sinking Fund, Series 2001	(190,750)	(190,750)	(191,391)	(641)
Total other financing (uses)	(1,883,875)	(1,883,875)	(1,884,516)	(641)
Excess (deficiency) of revenues over (under) expenditures and other uses	-	-	197,003	197,003
Fund balance at beginning of year	171,875	171,875	171,875	-
Fund balance at end of year	\$ 171,875	\$ 171,875	\$ 368,878	\$ 197,003

The accompanying notes are an integral part of this financial statement.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Combining Statements – Nonmajor governmental funds
- Schedule of Compensation Paid Board Members

CITY OF MINDEN, LOUISIANA
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2004

	Special Revenue		Capital Projects		Debt Service		
	Main Street Program Fund	Drug Task Force Fund	Local Government Assistance Fund	Capital Improvements Street Fund	General Obligation Refunding Bonds, 9/26/91 Series 1991	Sales Tax Bonds, Series 2001 Sinking Fund	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 3,119	\$ 15,453	\$ -	\$ 343,106	\$ 135,295	\$ 50,461	\$ 1,118,245
Investments	-	-	73,733	-	-	-	216,068
Total assets	\$ 3,119	\$ 15,453	\$ 73,733	\$ 343,106	\$ 135,295	\$ 50,461	\$ 1,334,313
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts, salaries, and other payables	\$ 162	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ 169
Total liabilities	162	7	-	-	-	-	169
Fund balances:							
Reserved for:							
Debt service	-	-	-	-	135,295	50,461	898,902
Capital projects	-	-	73,733	-	-	-	73,733
Drug law enforcement	-	15,446	-	-	-	-	15,446
Unreserved, undesignated	2,957	-	-	343,106	-	-	346,063
Total fund balances	2,957	15,446	73,733	343,106	135,295	50,461	1,334,144
Total liabilities and fund balances	\$ 3,119	\$ 15,453	\$ 73,733	\$ 343,106	\$ 135,295	\$ 50,461	\$ 1,334,313

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2004

	Special Revenue		Capital Projects		Debt Service			
	Main Street Program Fund	Drug Task Force Fund	Local Government Assistance Fund	Capital Improvements Street Fund	General Obligation Refunding Bonds, 9/26/91 Series 1991	Sales Tax Bonds, Series 2001 Sinking Fund	Refunding Bonds Series, 2002	Total Nonmajor Governmental Funds
REVENUES								
Ad valorem taxes	\$ 24,178	\$ -	\$ -	\$ -	\$ 85,501	\$ -	\$ -	\$ 109,679
Fines and forfeitures	-	21,346	-	-	-	-	-	21,346
Investment earnings	-	-	428	4,472	1,612	79	4,929	11,520
Other revenues	2,543	887	-	-	-	-	-	3,430
Total revenues	<u>26,721</u>	<u>22,233</u>	<u>428</u>	<u>4,472</u>	<u>87,113</u>	<u>79</u>	<u>4,929</u>	<u>145,975</u>
EXPENDITURES								
General government	51,742	-	-	-	-	-	-	51,742
Public safety	-	16,479	-	-	-	-	-	16,479
Debt service	-	-	-	-	60,473	190,918	702,495	953,886
Capital outlay	-	-	-	745,471	-	-	-	745,471
Total expenditures	<u>51,742</u>	<u>16,479</u>	<u>-</u>	<u>745,471</u>	<u>60,473</u>	<u>190,918</u>	<u>702,495</u>	<u>1,767,578</u>
Excess (deficiency) of revenues over (under) expenditures	(25,021)	5,754	428	(740,999)	26,640	(190,839)	(697,566)	(1,621,603)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	26,000	-	-	512,516	-	191,391	705,018	1,434,925
Operating transfers out	-	-	-	-	(22,680)	-	-	(22,680)
Total other financing sources and uses	<u>26,000</u>	<u>-</u>	<u>-</u>	<u>512,516</u>	<u>(22,680)</u>	<u>191,391</u>	<u>705,018</u>	<u>1,412,245</u>
Net change in fund balance	979	5,754	428	(228,483)	3,960	552	7,452	(209,358)
Fund balances - beginning	<u>1,978</u>	<u>9,692</u>	<u>73,305</u>	<u>571,589</u>	<u>131,335</u>	<u>49,909</u>	<u>705,694</u>	<u>1,543,502</u>
Fund balances - ending	<u>\$ 2,957</u>	<u>\$ 15,446</u>	<u>\$ 73,733</u>	<u>\$ 343,106</u>	<u>\$ 135,295</u>	<u>\$ 50,461</u>	<u>\$ 713,146</u>	<u>\$ 1,334,144</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual

Nonmajor Governmental Fund - Main Street Program Fund

Year Ended September 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Advalorem tax	\$ 21,000	\$ 24,178	\$ 24,178	\$ -
Other revenues	<u>1,400</u>	<u>2,743</u>	<u>2,543</u>	<u>(200)</u>
Total revenues	<u>22,400</u>	<u>26,921</u>	<u>26,721</u>	<u>(200)</u>
Expenditures				
General government	<u>48,400</u>	<u>52,921</u>	<u>51,742</u>	<u>1,179</u>
Total expenditures	<u>48,400</u>	<u>52,921</u>	<u>51,742</u>	<u>1,179</u>
Excess (deficiency) of revenues over (under) expenditures	(26,000)	(26,000)	(25,021)	979
Other Financing Sources				
Transfers in	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Net change in fund balance	-	-	979	979
Fund balance at beginning of year	<u>1,978</u>	<u>1,978</u>	<u>1,978</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,978</u>	<u>\$ 1,978</u>	<u>\$ 2,957</u>	<u>\$ 979</u>

See accompanying note to budgetary comparison schedules.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-

Budget and Actual

Nonmajor Governmental Fund - General Obligation Refunding Bonds, Series 1991

Year Ended September 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Advalorem tax	\$ 82,853	\$ 82,853	\$ 85,501	\$ 2,648
Interest	900	900	1,612	712
Total revenues	<u>83,753</u>	<u>83,753</u>	<u>87,113</u>	<u>3,360</u>
Expenditures				
Debt service	<u>61,073</u>	<u>61,073</u>	<u>60,473</u>	<u>600</u>
Total expenditures	<u>61,073</u>	<u>61,073</u>	<u>60,473</u>	<u>600</u>
Excess of revenues over expenditures	22,680	22,680	26,640	3,960
Other financing (uses)				
Transfers out	<u>(22,680)</u>	<u>(22,680)</u>	<u>(22,680)</u>	<u>-</u>
Net change in fund balance	-	-	3,960	3,960
Fund balance at beginning of year	<u>131,335</u>	<u>131,335</u>	<u>131,335</u>	<u>-</u>
Fund balance at end of year	<u>\$ 131,335</u>	<u>\$ 131,335</u>	<u>\$ 135,295</u>	<u>\$ 3,960</u>

See accompanying note to budgetary comparison schedules.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-

Budget and Actual

Nonmajor Governmental Fund - Sales Tax Bonds, Series 2001

Year Ended September 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Interest	\$ 200	\$ 200	\$ 79	\$ (121)
Total revenues	<u>200</u>	<u>200</u>	<u>79</u>	<u>(121)</u>
Expenditures				
Debt service	<u>190,900</u>	<u>190,900</u>	<u>190,918</u>	<u>(18)</u>
Total expenditures	<u>190,900</u>	<u>190,900</u>	<u>190,918</u>	<u>(18)</u>
Excess (deficiency) of revenues over (under) expenditures	(190,700)	(190,700)	(190,839)	(139)
Other financing sources				
Transfers in	<u>190,750</u>	<u>190,750</u>	<u>191,391</u>	<u>641</u>
Net change in fund balance	50	50	552	502
Fund balance at beginning of year	<u>49,909</u>	<u>49,909</u>	<u>49,909</u>	<u>-</u>
Fund balance at end of year	<u>\$ 49,959</u>	<u>\$ 49,959</u>	<u>\$ 50,461</u>	<u>\$ 502</u>

See accompanying note to budgetary comparison schedules.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual

Nonmajor Governmental Fund - Refunding Bonds, Series 2002

Year Ended September 30, 2004

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	GAAP	Final Budget
			Basis	Positive
				(Negative)
Revenues				
Interest	\$ 7,100	\$ 7,100	\$ 4,929	\$ (2,171)
Total revenues	<u>7,100</u>	<u>7,100</u>	<u>4,929</u>	<u>(2,171)</u>
Expenditures				
Debt service	<u>702,582</u>	<u>702,582</u>	<u>702,495</u>	<u>87</u>
Total expenditures	<u>702,582</u>	<u>702,582</u>	<u>702,495</u>	<u>87</u>
Excess (deficiency) of revenues over (under) expenditures	(695,482)	(695,482)	(697,566)	(2,084)
Other financing sources				
Transfers in	<u>705,018</u>	<u>705,018</u>	<u>705,018</u>	<u>-</u>
Net change in fund balance	9,536	9,536	7,452	(2,084)
Fund balance at beginning of year	<u>705,694</u>	<u>705,694</u>	<u>705,694</u>	<u>-</u>
Fund balance at end of year	<u>\$ 715,230</u>	<u>\$ 715,230</u>	<u>\$ 713,146</u>	<u>\$ (2,084)</u>

See accompanying note to budgetary comparison schedules.

CITY OF MINDEN, LOUISIANA**Statement of Revenues, Expenditures, and Changes in Fund Balances-****Budget and Actual****Nonmajor Governmental Fund - Local Government Assistance Fund****Year Ended September 30, 2004**

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	GAAP	Final Budget
			Basis	Positive
				(Negative)
Revenues				
Interest	\$ -	\$ -	\$ 428	\$ 428
Total revenues	-	-	428	428
Expenditures				
Debt service	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	428	428
Other financing (uses)				
Transfers out	(73,181)	(73,181)	-	73,181
Net change in fund balance	(73,181)	(73,181)	428	73,609
Fund balance at beginning of year	<u>73,305</u>	<u>73,305</u>	<u>73,305</u>	-
Fund balance at end of year	<u>\$ 124</u>	<u>\$ 124</u>	<u>\$ 73,733</u>	<u>\$ 73,609</u>

See accompanying note to budgetary comparison schedules.

CITY OF MINDEN, LOUISIANA

**Schedule of Compensation Paid Board Members
For the Year Ended September 30, 2004**

The City of Minden, Louisiana paid the following amounts for compensation to the mayor and members of the City Council as of September 30, 2004:

	<u>Compensation</u>	<u>Car Allowance</u>
Mayor -		
Bill Robertson	\$ 53,400	\$ -
City Council		
Theron Winzer	10,800	1,200
Fayrine A. Kennon-Gilbert	10,800	1,200
Magaline Quarles	10,800	1,200
Drew White	10,800	1,200
Benny Gray	<u>10,800</u>	<u>1,200</u>
	<u>\$ 107,400</u>	<u>\$ 6,000</u>

The accompanying notes are an integral part of this statement.

OTHER REPORTS

JAMIESON, WISE & MARTIN
A PROFESSIONAL ACCOUNTING CORPORATION

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WM. PEARCE JAMIESON, C.P.A. (1991)

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Bill Robertson, Mayor,
and the Members of the Board of Aldermen
City of Minden, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of and for the year ended September 30, 2004, which collectively comprise the City of Minden, Louisiana's basic financial statements and have issued our report thereon dated February 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Minden, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of City of Minden, Louisiana in a separate letter dated February 4, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Minden, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A

material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of City of Minden, Louisiana in a separate letter dated February 4, 2005.

This report is intended solely for the information of management, others within the organization, City Council, federal awarding agencies and pass-through entities and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised State 24:513, this report is distributed by the Legislative Auditor as a public document.

Tamara, White & Martin

Minden, Louisiana
February 4, 2005

CITY OF MINDEN, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2004

Section I – Internal Control and Compliance Material to the Financial Statements

The results of our auditing procedures of the general purpose financial statements as of and for the year ended September 30, 2004, of the City of Minden, Louisiana, disclosed no items that are required to be reported in accordance with GAGAS.

Section II – Findings and questioned costs related to federal awards

The results of our auditing procedures of the general purpose financial statements as of and for the year ended September 30, 2004, of the City of Minden, Louisiana, disclosed no items that are required to be reported in accordance with OMB Circular A-133.

Section III – Management Letter

See management letter and management's response attached.

CITY OF MINDEN, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2004

The prior year audit findings for the year ended September 30, 2003, were as follows:

Section I - Internal Control and Compliance Material to the Financial Statements

In connection with the audit of the general purpose financial statements as of and for the year ended September 30, 2003, of the City of Minden, Louisiana, there were no items required to be reported in accordance with GAGAS.

Section II - Internal Control and Compliance Material to Federal Awards

In connection with the audit of the general purpose financial statements as of and for the year ended September 30, 2003, of the City of Minden, Louisiana, there were no items required to be reported in accordance with OMB Circular A-133.

Section III - Management Letter

2003-1 Public bid law

According to L.R.S. 38:2212, materials and supplies purchases of seven thousand five hundred dollars or more, but less than fifteen thousand dollars shall be made by obtaining not less than three telephone or facsimile quotations. During the audit, we noted purchases where management provided no evidence that bids were obtained as required.

Current Status: During the audit for the fiscal year ended September 30, 2004, quotes and bids were obtained for purchases where required.

2003-2 Deposits in excess of adequate security

According to L.R.S. 39:1225, adequate security is to be pledged to the City for deposits in excess of the federal depository insurance. As of September 30, 2003, the City had approximately \$780,962 in deposits with a local bank, which were not adequately secured.

Current Status: Deposits were adequately secured as of September 30, 2004.

2003-33 Budget compliance and amendments

For the year ended September 30, 2003, the City had adopted and amended the budget in an effort to be in compliance with the Local Government Budget Laws, however, during our audit we noted that actual total expenditures in the Sales Tax Fund and Sales Tax – Sewerage Fund exceeded budgeted expenditures by more than 5%.

In addition, we noted one amendment to the enterprise fund budget to increase the line item for

CITY OF MINDEN, LOUISIANA

STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2004

construction expense by \$300,000, however, the actual amendment to the budget to accomplish the increase effected two additional line items accounts. The amendments to these additional accounts were not adopted in an open meeting, as required by LRS 39:1310.

Current Status: For the year ended September 30, 2004, the City had adopted its budget and amendments in an open meeting. This meets the requirements of LRS 39:1310. However, budgetary variances of 5% or more between actual amounts as compared to budgeted amounts for revenues and expenditures occurred in the Sales Tax Fund and Sales Tax Fund – Sewerage System.

2003-4 Police department internal controls

We have identified areas for improving the police department internal controls over ticket accountability.

Current Status: The police department has adopted a system for accounting for tickets issued during the year. In addition, a current schedule of accounts receivable for uncollected fines is maintained.

2003-5 Recreation department internal controls

We identified areas for improving the internal controls over collections within the recreation department.

Current Status: The recreation department has adopted a system of internal controls over collections.

2003-6 Airport collection controls

We have identified areas of improving internal controls over collections of payments for gas and supply sales through the airport. Procedures for preferential pricing should be prohibited.

Current Status: The airport department has adopted a system of internal controls over collections. In additions, it has discontinued procedures for preferential pricing.

2003-7 Main Street internal controls

We have identified areas of improving internal controls of financial accounting and maintaining appropriate documentation. In addition, we recommend that all proceedings of meetings and financial statement be published as required by LSA RS 43:171.

Current Status: Financial statements were published as required by LSA RS 43:171. During September 30, 2004, the Main Street department performed some of the recommendations for improving internal controls over its accounting system. However, the meetings of the main street department were not published and some expenditures selected in our testwork were not supported with adequate documentation.

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MANAGEMENT LETTER

The Honorable Bill Robertson, Mayor,
and the Members of the Board of Aldermen
City of Minden, Louisiana

We have audited the financial statements of the City of Minden, Louisiana, as of and for the year ended September 30, 2004, and have issued our report thereon dated February 4, 2005.

In connection with our audit, we made certain observations relative to the records maintained, the accounting procedures in effect, and the overall administration of the financial affairs of the City. As a supplement to the reports, we submit for your consideration pertaining to the following observations which did not meet the criteria of being material to the general purpose financial statements.

Compliance and internal control items considered non-material to general purpose financial statements.

2004-1 Budget compliance and amendments

For the year ended September 30, 2004, the City had adopted its budget and amendments in an open meeting. However, budgetary variances of 5% or more between actual amounts as compared to budgeted amounts for revenues and expenditures occurred in the Sales Tax Fund and Sales Tax Fund – Sewerage System.

2004-2 Main Street internal controls

The Main Street manager did not publish the proceedings of meetings held during the year as required by LSA RS 43:171. Also, supporting documentation was not maintained for some expenses paid for through the Main Street Program. Some of these unsupported expenses were listed as reimbursements to the Main Street manager for cell phone and travel expenses. In addition, the Main Street Program made payments for cash prizes and gift baskets which do not appear to be an appropriate use of public funds. The Main Street manager should take steps to ensure that public funds are not used for payment of items that the Main Street Program is not legally required to make or payments which could be a violation of LSA RS 42:1113 which prohibits public servants and their family members from entering into certain transactions.

2004-3 Controls over utility billings

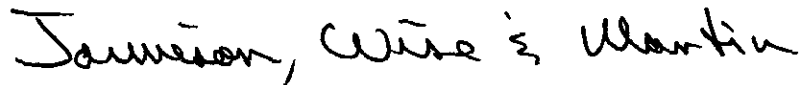
A system of reviewing and monitoring controls over processing and recording activity for billing customers for use of utility services needs to be developed. During September 30, 2004, adjustments in

the amount of \$776,796.75 were made for billing errors that were not corrected prior to bills being mailed to customers. We recommend that bills be reviewed and errors investigated on a timely basis to ensure that correct amounts are billed to customers. In addition, the adjustments to correct the billing errors to customers were not reflected during the preparation of sales tax returns, resulting in an overpayment of sales tax of approximately \$24,000 by the City.

Also, interfund billings for the City's usage of electricity were not properly recorded in the general ledger. We recommend that steps be taken to ensure that the billings process is reviewed and appropriately recorded in the general ledger.

Prior audit findings have been addressed by the City management unless included in the above comments. Should you have any questions concerning the contents of this letter or if we can be of any additional service, please contact us at your convenience.

Very truly yours,

A handwritten signature in cursive script that reads "Jamieson, Wise & Martin".

Jamieson, Wise & Martin

February 4, 2005



Bill Robertson, Mayor
www.mindenusa.com

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March 24, 2005

Mr. Mike Wise
Jamieson, Wise and Martin
P. O. Box 897
Minden, LA 71058-0897

Dear Mr. Wise:

Regarding your Management Letter for the Fiscal Year ended September 30, 2004, I offer the following comments:

2004-1 Budget compliance and amendments

We understand we must be within the five percent variance and any change will be adopted in an open meeting.

2004-2 Main Street internal controls

Internal controls will be discussed and established with the Main Street Manager for the Main Street Program. Proceedings of meetings held during the year will be published as required by LSA RS 43:171. Supporting documentation will be maintained for expenses of the Main Street Program. Possible violation of LSA RS 42:1113 will be reviewed and discussed with the Main Street Manager and rectified.

2004-3 Controls over utility billings

A system will be established to review and monitor utility readings to ensure correct amounts are billed to customers. This will eliminate overpayment of Sales Tax by the City. Interfund billings for the City's usage of electricity will be reviewed and recorded properly in the general ledger.

Respectfully Submitted,

Bill Robertson
Mayor, City of Minden

bdb

Robert Green
City Clerk - Treasurer

George W. Rolfe, Jr.
Public Works Director

Charles Minifield
City Attorney

Theron Winzer
Councilman - District A

Fayrine A. Kennon-Gilbert
Councilwoman - District B

Magaline Quarles
Councilwoman - District C

Drew White
Councilman - District D

Benny Gray
Councilman - District E

